

Reviews of Papua New Guinea and West Papua are not included in this issue.

## FIJI

By January 2006 the conflict between the Fiji Military Forces and the now ousted government, which had been led by the Soqosoqo Duavata ni Lewenivanua (SDL) party, had been continuing for almost five years. One of the main criticisms put forth by the commander of the Fiji Military Forces, Commodore Voreqe Bainimarama, was that Laisenia Qarase's government was lax in dealing with the 2000 coup perpetrators. A number of high chiefs were allowed to serve their prison terms extramurally, and one chiefly parliamentarian returned to Parliament after his sentence. This conflict was later compounded by the introduction of the Reconciliation and Unity Bill by the SDL government. The bill was aimed at reconciling the perpetrators and victims of the 2000 coup led by George Speight. Commodore Bainimarama, who was also a victim of that coup through the November 2000 mutiny, along with other critics, detested the introduction of this bill. They believed that if passed, the bill would serve as a green light for future coup perpetrators in Fiji.

SDL government leaders did little to allay this fear. They simply kept on with the tasks of leadership based on their constitutional roles. They understood that the government and the various institutions of the state, including the military, had specific

functions to perform as stipulated in Fiji's 1997 Constitution. Perhaps the SDL government assumed too much about people's acceptance of the rule of law in a developing country or Third World context. As can be gauged from Fiji's coup culture since 1987, the causes of political conflict in the country extend far beyond the scope of the modern rule of law, and solutions involve additional political, legal, and even customary measures. Perhaps continued dialogue between the SDL government and the Fiji Military Forces outside the parameters of Parliament could partially have resolved Fiji's ongoing political crisis. After all, 95 percent of both the SDL government and the Fiji Military Forces were indigenous Fijians. During 2006, the commander's public comments about the SDL government were sometimes perceived as seditious and treasonous, but the government did not really take concrete steps to rectify the situation. The February 2006 issue of *Fiji Islands Business* noted, "In any other democratic country, and Fiji is (or was) basically one, Mr. Bainimarama's stance would have promptly caused his dismissal. The magazine went on to say that Bainimarama's behavior has gone beyond the usually accepted state of affairs in a democracy, wherein the military is subservient to civilian rule (*FIB*, Feb 2006, 9).

In addition to the continuing political tussle between the commodore and Prime Minister Qarase, Fiji's economy was not in perfect health. As early as March 2006, the Reserve

Bank warned that high internal consumption rates could no longer be sustained by depressed exports and high oil prices. By the end of 2005, Fiji's export stood at F\$1.18 billion, and total imports at F\$2.72 billion (F\$1.00 averaged approximately US\$0.58 throughout the year). At the same time the trade deficit increased to F\$1.53 billion. By the end of February 2006, the interest rate had increased from 2.25 percent to 3.25 percent. Fiji's foreign reserve figure, which stood at F\$991 million in mid-2005, had decreased to F\$822 million by December 2005. Governor of the Reserve Bank of Fiji Savenaca Narube warned that the only way to improve Fiji's deteriorating economic situation was to raise the level of exports and investments (*FIB*, March 2006, 6). Concerned about economic survival and meeting regional and international trade challenges, the Fiji textile, clothing, and footwear (TCF) industry, proposed a reduction in the local area content as required under the rules of origin regulations of the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). This regional trade agreement, signed in 1981 by Australia, New Zealand, and the Pacific Islands Forum countries, allows products to enter Australia and New Zealand duty free, provided that 50 percent of the raw materials used are produced locally (*FIB*, April 2006, 6). This move was vigorously opposed by the Textile and Fashion Industry of Australia (TFIA), which argued that reducing the rules of origin would result in long-term harm to the Australian TCF industry (*FIB*, March 2006, 5). However, the Fiji TCF industry, through Ramesh Solanki, argued

that the SPARTECA-TCF provision of 50 percent local content was a trade barrier. He argued that reducing the local content from 50 percent to 30 percent would facilitate trade and was in no way a threat to Australia's TCF industry, especially when customers in Australia selected fabrics and garment patterns. He added that the fabrics chosen were often either too expensive or did not qualify under the rules of origin. Reducing the rules of origin would enable the Fiji TCF industry to import fabrics from other countries and give the customers more choice. Orders diverted to Asia because of the rules of origin could be returned to Fiji. An additional challenge to Fiji's F\$200 million TCF industry is the lowering of Australia's import duty from 55 percent in 1981 to the current 17.5 percent, making it cheaper for other garment-producing countries to export their products to Australia (*FIB*, April 2006, 6).

General elections dominated the political agenda in the first four months of 2006. In April, Fiji's voting-age citizens went to the polls to elect 71 members to the House of Representatives for the next five years. Since 1999, Fiji has utilized the Alternative Vote system, borrowed from Australia. Fiji's electoral system is based on ethnic politics, which makes it quite complex. Voters are grouped together as Fijian, Indian, or General Voters—that is, individuals who are not registered as Fijian or Indian. There are 46 Communal seats where people vote for representatives of their own ethnic categories (Fijian, Indian, or General), and 25 Open seats, which are contested without reference to ethnicity. The Open seats, introduced

for the first time in the 1999 elections, aim to promote multiracialism. Fiji's 1997 constitution also requires that all parties with more than 10 percent of seats in Parliament be invited by the winning party to join a multiparty cabinet. Given the ethnic nature of Fiji's politics, this was the foremost challenge for the winning party in the 2006 general elections. Although eight political parties plus Independent candidates participated in the 2006 elections, two political parties dominated the competition for parliamentary seats. These were the Fijian-dominated Soqosoqo Duavata ni Lewenivanua (SDL) party, and the Indian-dominated Fiji Labour Party (FLP).

The SDL party, led by Laisenia Qarase, won the 2006 general elections for a second five-year term, with all 23 Fijian Communal and Fijian Urban seats, and 13 of the 25 Open seats; the Fiji Labour Party won all 19 Indian Communal and 12 of the Open seats. The remaining 4 seats were taken by two Independent candidates and two members of the United People's Party (Fiji Elections Office 2006). The 2006 election results confirmed a number of voting trends in Fiji. Voting was ethnically oriented in both Communal and Open seats. The two parties won all of their respective Communal seats; of the Open seats, the SDL party won in constituencies with a majority of Fijian voters and the Fiji Labour Party won in constituencies with a majority of Indian voters. Multiracial politics may take a while to gain acceptance across the ethnic divide.

In the spirit of promoting multiracial politics in Fiji, the SDL government appeared to be serious and

committed when it offered eight cabinet seats to the Fiji Labour Party. While Mahendra Chaudhary as leader of the Fiji Labour Party declined to be a member of the cabinet, eight of his parliamentarians accepted the offer. However, since the constitution does not specify the "rules of engagement" for a multiparty cabinet, it was a testing time for the new government. In the cabinet, members of the Fiji Labour Party were unsure whether they had to abide by SDL terms and conditions, or whether they were answerable to FLP leader Chaudhary. During the vote for the 2007 budget in November 2006, a number of FLP cabinet ministers were away on overseas engagements and so could not vote. The leader of the Fiji Labour Party asserted that this scheduling was a deliberate ploy by the leader of the SDL party to enable the passage of his government's budget. Whether such political incidents were foreseen by the architects of the 1997 constitution is not clear.

Public sector reform continued to be a major issue confronting the SDL government after its election victory. The large size of the civil service has been on the reform agenda since 1984–1985, when a World Bank and International Monetary Fund country mission recommended that the government be restructured. A wage freeze had immediately been implemented, and a debate about civil service downsizing had commenced. But over the years, through four coups and much political maneuvering, the size of the civil service has actually increased. Since the first coup in 1987, Fijian political leaders have increased the size of government to secure their

power bases and political support. The now ousted SDL government employed cabinet ministers as well as state ministers, which added to the cost of government.

There was a little light at the end of the economic tunnel after the November 2006 Pacific Islands Forum Meeting, when Fiji, along with Vanuatu, Sāmoa, Tonga, Tuvalu, and Kiribati, successfully negotiated a temporary labor migration scheme with New Zealand. The much-welcomed New Zealand scheme will offer seven-month temporary work visas to five thousand workers from these six countries. Australia, on the other hand, refused to implement such schemes but offered other alternatives such as building technical colleges in the islands (*IB*, Nov 2006, 20). These colleges would enable Islanders to earn trade certificates, which would qualify them to apply for skilled work in Australia and New Zealand.

The issue dominating Fiji's political landscape throughout 2006 was the escalating war of words between Qarase's SDL government and the Commander Bainimarama of the Fiji Military Forces. The challenges to the SDL government by Bainimarama paused for a while after the elections, but reemerged and intensified toward the end of 2006. Apart from the ongoing debate about the aftermath of the 2000 George Speight coup, two measures that angered the commander were the Reconciliation, Tolerance and Unity Bill and the Qoliqoli Bill, which, if passed, would have given customary users ownership of qoliqoli or traditional fishing grounds. By November 2006, the debate had escalated. After the SDL government attempted to

sack him while he was overseas, the commander threatened a "clean-up" of government. This attempt failed when the officer who was nominated to be the new commander preferred to be appointed after the commander returned to Fiji. A number of institutions, including the Bose Levu Vakaturaga or Great Council of Chiefs, expressed concern about the escalating tensions.

After its meeting on 10 November 2006, the Great Council of Chiefs established a reconciliation committee to attempt to mediate between the government and the military. The committee consisted of high chiefs from various traditional matanitu or confederacies, as well as a legal adviser, a political adviser, and a psychologist. Talks were initiated and a few meetings convened, but by that time relations had deteriorated too far. A further attempt at reconciliation was undertaken by New Zealand Prime Minister Helen Clarke, also in November 2006. However, these reconciliation attempts were unable to avert the coup, which occurred on 5 December 2006.

Fiji is again in the doldrums after the execution of the December coup, the fourth since 1987. International sanctions have been imposed by countries such as Australia, New Zealand, and the United Kingdom, and members of the military, their families, and coup supporters are unable to travel to these countries. The military regime has, in turn, imposed its own travel bans on critics of the coup. Against a backdrop of increasing economic instability, Fiji is faced with long-term sociopolitical and economic problems. Recent events have once again high-

lighted the complexity and precariousness of Fiji's democracy and rule of law, which are based on competing traditional and modern political interests. Perhaps the biggest challenge for future governments is how to get rid of an established coup culture and a subculture that offers immunity after the execution of coups.

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### NEW CALEDONIA

The approaching French legislative and presidential elections of 2007 amplified political rhetoric and maneuvering in New Caledonia in 2006 over issues such as the freezing of the electorate for future provincial elections, tensions within the coalitions that had signed the Noumea Accord of 1998, multinational takeovers and environmental protests over mining development, social and economic reforms, emergence as a quasi-autonomous Pacific country in regional affairs, and paralyzing labor strikes, which, at times, had political overtones. Ongoing situational cooperation between the loyalist Avenir Ensemble (AE) and elements of the pro-independence Front de Libération Nationale Kanak et Socialiste (FLNKS), and sometimes even the local branch of the archconservative Front National (FN), enabled

the country to continue its progress toward self-governance. But the once-dominant loyalist Rassemblement pour la Calédonie dans la République (RPCR), in league with loyalist voters associations and the FN, became more militant about protecting universal suffrage and ties with France.

In elections for the French president or legislature, municipal elections, or European Union elections, any French citizen in the country can vote, but the Noumea Accord endorsed restricting the local electorate in provincial elections and in referendums on independence to long-term residents. The FLNKS argues that the indigenous Kanak people were deprived of the right to vote for a century by French colonialism (from 1853 to the early 1950s), even though international law has recognized their right, as the first occupants of the country, to self-determination. They say that in negotiations in 1983 (Nainville-Les-Roches), 1988 (Matignon-Oudinot), and 1998 (Paris-Noumea), Kanak leaders made concessions to immigrants of long residence (whom they regard as fellow victims of history) by agreeing to work together toward a common destiny, but that the commitment in those agreements to restricting who can determine the future status of the country must be respected. Few residents object to having the restriction apply to future referendums, and in the provincial elections in 1999 and 2004, a "sliding" electorate (anyone with ten years' residence) has applied. But because the Congress will have the right, according to the Noumea Accord, to propose a referendum on independence between 2013 and 2018, the FLNKS has lobbied Paris to restrict

the electorate in the 2009 and 2014 provincial elections to a “frozen” pool of long-term residents, namely people who were eligible to vote in the 1998 referendum on the accord, and their descendants (NC, 14 Dec 2006). The FLNKS points to massive French immigration during the 1970s, which marginalized the Kanak and pushed them to revolt in the 1980s—a demographic threat that is reviving as nickel mining is booming due to the rise in demand for stainless steel in China and India. French migrants to other countries must abide by local laws, the FLNKS argues, so they should respect that Kanaky/New Caledonia is “a country going through a process of emancipation” (NC, 30 Dec 2006). The loyalists believe, however, that New Caledonia is France, despite its being on the other side of the world.

Rock Wamytan of the FLNKS argues that Kanak martyrs Jean-Marie Tjibaou and Yeiwene Yeiwene sacrificed their lives over the citizenship concessions they had made to non-Kanak immigrants, when a radical separatist assassinated them on Ouvea in 1989. The provisions of the Noumea Accord were enacted into laws in 1999 by the French National Assembly and Senate, which also approved the frozen electorate concept. The full Congress of Versailles (combined Assembly and Senate) needed to ratify the latter in order to amend the French national constitution, but it never met, due to many criticisms of the text. In 2003, President Jacques Chirac visited New Caledonia and vowed to find an acceptable solution before the end of his term of office, which—because a French constitutional referendum in 2000 shortened the presidential term

from seven to five years—means a deadline of 2007. In early 2005, the European Court of Human Rights approved the frozen electorate, which bitterly disappointed a movement of metropolitan French in New Caledonia, who resented becoming “second-class citizens,” and in March 2006, the French Council of Ministers in Paris adopted a text (NC, 31 March 31, 14 Dec 2006). The new law would exclude only about 10 percent of current voters in New Caledonia from voting in provincial elections in 2009 and 2014, but the proportion is higher in the populous, predominantly non-Kanak South (14 percent), and especially in Noumea (20 percent) (NC, 26 April 2006).

The RPCR, which like the FN relies considerably on French migrant votes, began a campaign in February against the proposal, arguing that the 1988 and 1998 accords had been capitulations by the ruling Socialists in Paris to FLNKS threats of further violence, a charge that goes back to old loyalist accusations that the Kanak uprising in the 1980s was fueled primarily by misguided promises by the Socialists, then led by President François Mitterrand. Pierre Frogier, president of the RPCR and deputy to Paris, said he had a petition signed by thousands of loyalist residents who opposed the frozen electorate as a matter of democratic principle, because its adoption would suggest that “we are no longer in France but in an unidentified political status” (NC, 17 Feb 2006). The FLNKS, of course, has clearly identified that proposed status, but loyalists oppose independence. Because the RPCR and many members of the AE are members of the French president’s Gaullist



party, the Union pour un Mouvement Populaire (UMP), local loyalists were divided over whether or not to support Chirac's backing of the frozen electorate, and in Paris even a minority of the UMP, led by presidential hopeful Nicolas Sarkozy, supported the RPCR. Simon Loueckhote, RPCR senator in Paris, upped the ante and suggested that a "sliding" residence of only three years, not ten, should be the rule, claiming it was the FLNKS, not the RPCR, that was breaking its word (NC, 7 Feb 2006). The FLNKS sent a delegation to Paris to lobby for what it regarded as the French State's commitment to the Noumea Accord and for keeping Chirac's promise of a solution by 2007. The French Socialists supported the FLNKS position, as did key leaders of the UMP and its centrist rival, the Union pour la Démocratie Française (UDF) (NC, 26 May 2006). Chirac's overseas minister, François Baroin, announced that the two houses of the French Parliament would vote on the proposed frozen electorate law in late 2006 and early 2007, so that the full Congress of Versailles would be able to ratify it soon afterward, but Frogier vowed to prevent that from happening (NC, 20 Oct 2006).

The rhetoric became more heated in December, as Marine Le Pen, daughter of Jean-Marie Le Pen of the extreme nationalist FN, was invited to a public debate organized in Noumea by three loyalist citizens' associations. The local chapter of the League of the Rights of Man (LDH-NC) refused to participate in what it called a mixing up of French national and territorial politics. Its president, Elie Poigoune, a veteran of Kanak activism in the

1970s, pointed to an irony in the FN's strong opposition to immigrant rights in France and its support for French migrants to New Caledonia: "The FN is a profoundly xenophobic party and a professed adversary of the rights of immigrants in France. It is a menace for democracy. We understand very well that she is coming here to help certain citizens who think that the history of the country begins with their arrival at the airport" (NC, 4 Dec 2006). About eight hundred people attended the debate, nearly all of whom opposed the frozen electorate and angrily demanded a local referendum on the issue as well as a debate in the local Congress, whose majority is loyalist. The only pro-independence speaker was Pascal Naouna of the Union Calédonienne (UC), who voiced his usual support for the frozen electorate and the right of the Kanak people to self-determination: "The country is not only Noumea. For what is to come after 2018, the discussions are still ahead of us." AE leaders, however, despite being loyalists, many of whom have long opposed the "secret accord" of 1998 between the Socialists, FLNKS and RPCR, accused the RPCR of simply playing politics for the 2007 elections. The restriction of the electorate was expected for a long time, and the RPCR had not organized its opposition campaign until it suddenly found itself a minority in the Congress after the 2004 provincial elections. The AE leaders said they had more important work to do governing the country (NC, 6 Dec 2006).

RPCR founder Jacques Lafleur, who had signed the Matignon and Noumea Accords, now says the frozen electorate issue needs more discussion, but

when the RPCR and FN tried to start a debate about it in the Congress in December, the government executive voted nine to three against the discussion. The AE voted with the FLNKS, and the AE president of Congress, Harold Martin, told the RPCR, "Either those who signed the Accord did not explain everything to you, or you are liars." He pressed his button to restore order, and the RPCR walked out, calling it a "sad day for democracy" (NC, 13–14 Dec 2006). The next day, the French National Assembly voted for the frozen electorate, with a majority of the UMP in favor along with the Socialists, Communists, and UDF, using the arguments that the State had to keep its word and that no one wanted a return to the violence of the 1980s in New Caledonia (NC, 15 Dec 2006). The RPCR got no satisfaction in a debate it tried to provoke in the assembly of the Southern Province in Noumea a week later, as Provincial President Philippe Gomes of the AE called their efforts an "electoral masquerade" (NC, 22 Dec 2006). The French Senate would vote on the law in mid-January 2007, so the FLNKS and its allies vowed to march in Noumea to show their support for the law to succeed, while opponents also planned to march against it (NC, 30 Dec 2006).

Some critics of the FLNKS have called the fluctuating membership of its coalition of pro-independence parties a Kanak problem, since the indigenous people comprise nearly thirty language groups and over one hundred tribes (or clans) that "naturally" squabble among themselves over leadership and policy. There is some truth in that criticism, as

regional and personal rivalries have caused parties to drop out or join up since its creation in 1984. Today, the two key opponents are the Union Calédonienne (UC), the oldest party in the country, which arose from Kanak church associations allied with white liberals and leftists and this year celebrated its fiftieth anniversary (NC, 18 Dec 2006), and Palika (Parti de Libération Kanak), which arose out of radical student movements and celebrated its thirtieth anniversary (NC, 13 July 2006). The UC once dominated the FLNKS in the Tjibaou era, but now Palika does, and under the banner of the National Union for Independence (UNI) in coalition with the rump FLNKS (ie, UNI-FLNKS), it controls the Northern Province, excluding the UC from leadership posts. The complexity of politics in the Islands Province testifies to Kanak diversity, while in Grande Terre municipal councils, pro-independence Kanak parties often form ad hoc coalitions with loyalists.

Palika continues to espouse revolutionary socialist Kanak independence, said spokesperson Charles Washetine, as "the only way for a colonized people to regain its dignity," though it also embraces the welfare of non-Kanak as "victims of capitalist exploitation." Palika has no president and governs itself collectively through a ten-member political bureau, relying on internal self-criticism and democratic centralism to remain both a party of action on the ground and, since the Matignon and Noumea Accords, of participation in governing institutions (NC, 13 July 2006). The UC under Naouna has mostly separated from the FLNKS and used boycotts and abstentions to oppose various poli-



cies. It too supports the accords, but it tends to favor “individual initiative” and integration of Kanak into the economy. In November, Naouna surprised many by proposing free association between New Caledonia and France, “to take into account the realities of globalization. We’re headed there, even if some don’t dare or want to say it” (NC, 8 Nov 2006). In response, Pierre Bretegnier of the RPCR proposed a federal arrangement, whereby France would keep key governing powers but each of the three provinces would have more autonomy, thus leaving the Kanak to rule themselves in the North and Islands provinces, and the multiethnic South relatively on its own (NC, 21 Nov 2006).

Still, a close look at fluctuations in the composition and labels of French metropolitan parties shows that splintering and forming new coalitions is also a very French style of politics, because proportional representation encourages a multitude of chameleon-like movements. For example, the ruling UMP was founded only in 2002 from the Gaullist Rassemblement pour la République, the RPCR’s ally in Paris for thirty years, plus some parties from the UDF, which was founded by former President Giscard d’Estaing in 1978. In fact, the “tribalism” among loyalists in New Caledonia became even more pronounced in 2006, especially in the mostly non-Kanak Southern Province. The RPCR splintered again, after already losing dissidents to the AE coalition that won leadership of the South and the Congress in the 2004 elections. In 2005, Frogier and Lafleur had a falling-out, as the former took over the RPCR from its founder

and adopted a new militancy against the Noumea Accord, which Lafleur touted as his crowning success at peacemaking. In 2001, Harold Martin of the AE had also had a falling-out with Lafleur, who forced him out of the RPCR. By early 2006, Frogier and Martin were trading barbs openly in the press, as Martin accused Frogier of using two old Lafleur tactics: diversion and fear. Frogier accused Martin of spending unnecessary money on limousines to move around Paris, while Martin accused the RPCR of diverting millions of francs in public funds to its own clients. Martin also accused the RPCR of using Sylvain Nea’s militant labor union as an army to disrupt the country’s economy just to undermine the AE regime (NC, 1 April 2006).

In May, Frogier spoke to the RPCR-UMP convention in Boulouparis, reiterating his party’s attachment to France, including its desire to adopt the euro as local currency. He denounced the “socialist and pro-independence reading of the Noumea Accord,” voicing his opposition to not only the frozen electorate concept but also the partnership between the Palika-ruled North and a Canadian mining corporation to develop a nickel-processing plant. He preferred that the French-affiliated Société le Nickel (SLN) build that project (even though another Canadian firm was building the RPCR-initiated Goro project in the South). He said the primary RPCR adversary was the pro-independence parties, especially the “communist” regime in the North, but he also denigrated the AE, calling it “irresponsible” and “incompetent” for not recognizing the independence threat and for cooperating with pro-independence parties in

the Congress while excluding the RPCR from power (just as the RPCR previously did to other parties). He called the Noumea Accord an "act of generosity" on the part of the RPCR, which had a sincere desire to "live together," but it promised a sliding, not frozen, electorate, which New Caledonians approved in the referendum of 1998. He warned that if the pro-independence parties again "descend into the street" to get their way, "they will find us in front of them!" (Frogier 2006; NC, 22 May 2006). In the Southern Province Assembly, the RPCR and AE did battle over such issues as environmental regulation of the Goro nickel project, and a political pamphlet of obvious RPCR origin circulated with the title "Rotten Future," a play on the AE party label "Future Together" (NC, 16 June 2006).

In July, at the UMP national convention in Paris, presidential candidate Sarkozy tried to broker a reconciliation between Frogier and Martin, who was also UMP despite his AE affiliation in New Caledonia. A well-publicized photo of the two sitting at a Paris café started a lively discussion in the country about whether the two leading loyalist parties should unite against the pro-independence parties, as in days of old. Sarkozy said, "You are from the same family, you must reunite the family" (NC, 14 July 2006). For a while, the antagonistic rhetoric died down, and both Martin and Frogier made overtures in the press toward peace-making, though Didier Leroux, former head of the anti-Lafleur Alliance Party (which was affiliated with the UDF) and now an AE leader like Martin, vowed, "I will not be the cuckold of history." He intended to present him-

self as AE candidate for deputy to the French Parliament against an RPCR-UMP candidate (NC, 26 July 2006). Gomes of the AE, also a former RPCR member, was surprised by the talk of a "sandwich coup" negotiated at the Paris café and said the AE should not allow itself to be manipulated. Martin would likely run against Frogier in the second district in the legislative elections in 2007, and Leroux would run against whoever replaced Lafleur (NC, 11 Aug 2006).

In late July, Lafleur announced that he was forming his own new political party, in reality re-forming the *Rassemblement pour la Calédonie* (RPC), which he had created in 1977 before affiliating it with Chirac's RPR in 1978 and thereby changing the label to RPCR. With his usual De Gaulle-like aplomb, he claimed that New Caledonia "was turning again to me . . . so that the country is all right." Despite the economic boom in New Caledonia, he argued, there was an emerging social crisis of inequality and a lack of majority leadership in the government, so his connections with Paris after thirty years as deputy could ensure that the country had the help it needed to keep the peace. He said he was unable to reconcile with Frogier, as Sarkozy had asked, because "I was not adept at the politics of the worst," implying that he would be less alarmist and polarizing than Frogier, whom he had once designated as his heir. He observed that the loyalists were divided, so it was time that he ended his retirement from politics: "It's not I who need the people, but the people who need me" (NC, 28 Aug 2006; PIR, 3 Aug 2006). By October, his chosen party leader, Simon Loueckhote, the

RPCR senator to Paris, became head of the RPC and claimed that other RPCR leaders were joining him in an effort to “revive the spirit of 1977,” which had a more inclusive vision than the newly militant RPCR (NC, 30 Oct 2006). Lafleur’s reentry into politics created more consternation in the UMP, which had to decide whether to embrace Frogier or dump a longtime ally of Chirac. Lafleur said, “If Caledonia does not present a progressive face, France will not help us” (NC, 18 Nov 2006).

Meanwhile, the RPCR held its party primary to choose who would run for the two legislative seats in Paris in 2007. Frogier won massive support for his reelection campaign as deputy of the second district, with 92 percent of over three thousand votes cast, and in the first district candidate race, longtime Lafleur aide Pierre Maresca lost narrowly to Gael Yanno (NC, 16 Oct 2006). Maresca was upset at being accused by a young militant of representing the “old guard” of the party (NC, 25 Sept 2006), and after he lost his chance to represent the party in the elections, he went to Paris to complain to the UMP, hoping to get their endorsement anyway, claiming he was the victim of a political maneuver. As a pied noir immigrant from Algeria, Maresca suggested that he could draw the support of the Oceanian communities in New Caledonia, that is, Wallisians, leading to speculation that there might be three choices for RPCR loyalists in the first district: Yanno, Lafleur, and Maresca (NC, 5 Dec 2006). Bretegnier said that Frogier should have run in the first district instead of favoring Yanno over Maresca, but that dissident RPCR members

of Congress and the Southern Province Assembly had to decide how far to go to show their discontent over a manipulated party primary without causing a major rupture in the loyalist camp (NC, 31 Oct 2006). Frogier finally said he felt completely disengaged from the Noumea Accord because of the frozen electorate issue, and he sided with Sarkozy’s wing of the UMP who also opposed the new law. His stand won him official support from the UMP, along with Yanno, against Lafleur and Maresca (NC, 21–22 Dec 2006). As for the AE, Martin was reelected its president and would lead its campaign for deputy, saying the RPCR “needed a new defeat” (NC, 2 Oct 2006). He had already been reelected president of the Congress in July, thanks to support from not only the AE but also the FN, an ex-RPCR dissident, and Nidoish Naisseline’s Libération Kanak Socialiste (LKS) (NC, 29 July 2006). François Bayrou, head of the UDF, stopped off in November after visiting French Polynesia to lend his official support to Leroux, who would take on the divided RPCR in the first district, and he also praised the AE in general (NC, 3 Nov 2006).

The AE-led government continued on its reformist path, encouraged by increased French funding for socioeconomic development (NC, 3 March 2006). It responded positively to a mass street demonstration by ten thousand people in April against the rising cost of living. The protest was organized by a coalition of labor unions led by Didier Guenant-Jeanson’s Union Syndicaliste des Ouvriers et Employés de la Nouvelle-Calédonie (USOENC), which complained about an inflation rate (2.6 percent) that was

the highest since 1993 (NC, 21 April 2006). If that inflation rate seems small by world standards, the already-high cost of living that it adds to (due to massive budgetary transfers from Paris, the near-monopoly power of certain importers, and bloated salaries paid to French civil servants overseas) has long been a target of criticism. In 2006, the French budget ministry complained that metropolitan retirees who moved overseas specifically to get raises in their pensions (almost double the normal base salary, thanks to the “hardship pay” earned by French civil servants in New Caledonia) were costing the country 245 million euros, a 70 percent increase since 2000 (PIR, 14 Nov 2006; NC, 13 March 2006; TPM, Nov 2006). Over 83 percent of such retirees, half of whom were ex-military, had never served in New Caledonia, whereas in French Reunion in the Indian Ocean, 80 percent were native to the island (NC, 8 Jan 2007). To help the country’s workers survive, USOENC demanded diverting 5 francs from the price of every pound of nickel exported to a government relief fund, eliminating taxes on basic foods such as flour and rice, and a variety of other tax relief reforms for lower income inhabitants (NC, 1 March 2006). The RPCR quickly blamed the AE for causing the problem and opposed reforms, but Leroux argued that similar rates of inflation had occurred under the RPCR regime, though recent local tax increases to help pay for self-governance might have to be reconsidered, such as the sales tax (NC, 18 March, 20 April 2006). After a series of roundtable discussions with stakeholders, the government proposed reforms in June

to the Congress: increasing family allowances, raising the minimum wage, lowering food taxes, reviving price controls, freezing rents for a year while new price controls are devised, imposing a surtax on quick resales of real estate to reduce speculation, arranging interest-free loans and reducing legal costs for first-home buyers, and negotiating with banks to lower their service charges; the nickel-derived subsidy would have to be debated in Congress (NC, 7 June 2006; PIR, 9 June 2006). Congress passed most of these measures and also subsidized electricity costs by cutting taxes to prevent a rate hike (NC, 11 Nov 2006).

The AE argued that its social and economic policies were improving life in the country, as unemployment declined and job offers increased, affordable housing was built, work safety and right-to-employment standards were brought closer to European levels, commercial development in the South was encouraged but also regulated, and the province bought hotels, casinos, and improved infrastructure and transportation to boost tourism (NC, 1 July, 17 July, 18 Aug, 31 Aug, 3 Oct, 20 Oct, 15 Dec 2006). New Caledonia Fisheries, based at Koumac in the North, finally turned a profit (NC, 27 Feb 2006), and a government committee met weekly to screen job hiring in an effort to favor local residents over foreigners whenever possible (NC, 22 Nov 2006). French financial grants gave the thirty-three municipalities of the country a 5 percent increase in development aid, for a total of US\$78 million, which would be divided among the three provinces, about half going to the more popu-

lous South and half to the North and Islands (NC, 7 July, 25 Aug 2006). France provides US\$1.5 billion a year in direct assistance to New Caledonia, and together with the nickel sales and mining boom the local economy is prospering. In December, the Congress voted a 2007 budget of US\$1.3 billion, all but one fourth of which would go to the provinces and communes. The budget passed with support of the AE, the UC, and the UNI-FLNKS, while the FN abstained in protest against the frozen electorate, and the RPCR-UMP voted against (NC, 23 Dec 2006; PIR, 27 Dec 2006). A "Day of Citizenship" at the Mwâ Kâ in Noumea, which was held on 23 September as an alternative to the former commemoration of the French taking possession of New Caledonia on 24 September 1853, was not attended by the RPCR because Frogier "absolutely did not share the conception of citizenship" as expressed in the frozen electorate. Some other loyalists followed suit, as did the LKS, but the AE, Palika, UC, and other groups attended, voicing support for the recognition of Kanak identity and of other local cultures in the spirit of the Noumea Accord's call to build a common destiny (NC, 21 Sept, 25 Sept 2006).

On the cultural front, the government introduced educational standards for localizing history and geography education and for the teaching of Kanak languages in schools in order to promote a sense of citizenship and common destiny among youth (NC, 13 March, 18 April 2006), and the official minutes of Kanak customary meetings acquired judicial status (NC, 2 June 2006). The LDH-NC sponsored a public discussion in Noumea on

the concept of biological and cultural metissage (blending), which colonial segregation had hindered, and the small community of La Foa celebrated its multicultural heritage (NC, 1 Sept, 2 Oct 2006). Yet the ethnic census that had been planned to measure progress in economic rebalancing among regions was canceled due to lack of French funding, and tensions continued between Kanak and Wallisians in schools and neighborhoods. A moving film documented the reconciliation among Kanak families who lost members in the 1989 assassination of Tjibaou on Ouvea, but two concerts by singer Francis Cabrel had to be canceled because of anonymous death threats over his support for the Kanak during the 1988 Ouvea uprising (NC, 18 July, 25 Aug, 30 Aug, 9 Oct, 2 Dec 2006). Progress was made environmentally, as European development funds financed the rehabilitation of mining sites around Thio, the country tightened its protection of local biodiversity, and the Congress voted unanimously to support having six zones in the country's coral reef classified by UNESCO as World Heritage sites (NC, 17 Feb, 14 June, 28 Aug, 18 Dec 2006).

On the regional level, two main events stand out: the second France-Oceania summit in Paris, and the Pacific Forum's granting of associate member status to New Caledonia. Using the carrot of aid money, the Chirac government has pushed for better relations between France and the neighbors of its Pacific territories; so in June, sixteen heads of state flew to Paris at French expense to partake of his diplomacy. The Noumea daily *Les Nouvelles-Calédoniennes* called it

a "climatic warming" as participants were entertained by Kanak dancers at the newly opened Quai Branly Museum, which is entirely devoted to displaying indigenous cultures. Chirac declared, "The past is one thing, but the future is hand in hand cooperation." Sir Michael Somare of Papua New Guinea, perhaps looking for leverage against Australian influence in the Forum, announced, "France has changed its attitude. It now treats the peoples of the Pacific Islands honestly." Yet when Oscar Tamaru, still president of French Polynesia before his fall from power in December, expressed regret that the principle of self-determination was absent from the final conference declaration, Gomes said he was out of order, and the AE President of New Caledonia Marie-Noëlle Themereau said, "Instead of making ideological outbursts, it is preferable to deal with basic issues." Chirac stressed that France was also a conduit for aid money from the European Union, a frequently heard argument, though the EU has already helped Pacific countries without France. Paul Neaoutyine, Palika president of the Northern Province, supported integrating the French Pacific into the region, while Frogier saw it as "a recognition of France's place in the Pacific. To see in such a majestic place the gathering of Pacific region leaders is a very powerful symbol" (NC, 28 June 2006; PIR, 29 March, 15 June 2006). In Port Moresby in October, the Pacific Forum leaders, no doubt with the taste of Beaujolais and brie still on their lips, endorsed New Caledonia and French Polynesia as associate members, while Wallis and Futuna became an observer.

Somare said, "This relationship is on a progressive path. This time, there is a real commitment to help us" (PIR, 26 Oct 2006). New Caledonia strengthened its diplomatic ties with Australia and Vanuatu (PIR, 22 June, 30 Aug 2006), while New Zealand television broadcast videos of the 1985 trial of French bombers of the Greenpeace antinuclear protest vessel *Rainbow Warrior*, which showed agents Mafart and Prieur confessing to murder (NC, 16 Aug 2006).

The mining industry of New Caledonia felt the impact of globalization in corporate finance, as huge foreign companies responded to the rapidly rising world price of nickel by competing to buy controlling interest in INCO and Falconbridge, two Canadian firms that had been scheduled to build local nickel processing plants. In October 2005 it even looked as if INCO, slated to develop the Goro project in the South, would buy Falconbridge, with which the Northern Province's Société Minière Sud Pacifique (SMSP) had already negotiated 51 percent ownership of the Koniambo project. But an antitrust investigation by the United States (because both INCO and Falconbridge listed their stocks on Wall Street), complications over French State funding, and a threat to turn the Koniambo project over to the SLN if the Bercy Accord deadline of finalizing the deal by the end of 2005 was not met, led the SMSP to ask Falconbridge to finance the whole project, while the SMSP would repay its share with royalties. Then Teck Cominco of Vancouver offered to take over INCO, with which the Southern Province had negotiated very low royalties (only 10 percent for the province and the country) for



Goro, while Xstrata of Switzerland offered to buy Falconbridge (NC, 26 May 2006). Next, US-based Phelps Dodge offered to buy both INCO and Falconbridge in an increasingly complex bidding war that fluctuated with stock and nickel prices, but INCO pulled out of the Falconbridge takeover bid by July, leaving the latter to Xstrata. When Grupo Mexico offered to buy Phelps Dodge, the spokesperson for the Koniambo project said, "It's difficult to comment about things that happen above our heads" (NC, 16 Aug 2006). By August, Xstrata confirmed its purchase of Falconbridge and assured the workers that no layoffs were planned (NC, 17 Aug 2006). Teck Cominco and Phelps Dodge still showed interest in INCO, while Xstrata, the British firm Rio Tinto and the Brazilian firm Companhia Vale do Rio Doce (CVRD) considered combining their capital to buy out rival Anglo American and divide up the spoils (NC, 23 Aug 2006). By November, CVRD of Brazil had confirmed its purchase of INCO. Because the price of a ton of nickel had risen from US\$6,000 in 2001 to about US\$30,000, Xstrata paid US\$17 billion for Falconbridge, and CVRD paid almost US\$16 billion for INCO (PIR, 7 Nov 2006).

But would the new owners respect previous agreements with New Caledonia, when they had operations all over the world to reevaluate? In September, Neaoutyine met with Mick Davis of Xstrata, who assured him that the Koniambo project would be built under the same arrangements the SMSP had already made with Falconbridge. That same day, Neaoutyine met with Ku-Taek Lee of South Korea's Posco, a metallurgical

firm that agreed to process the nickel ore produced by the SMSP's five other mining sites in the North, the profits of which would help develop both the North and Islands Provinces. In addition to diversifying the North's portfolio, which acquired 51 percent ownership of a new Korean processing plant at Gwangyang, the Posco deal would also extend the SMSP's long-term resources by reducing the nickel content of the ore provided to the Posco plant to just over 2 percent (NC, 15 Sept 2006). In December, the Northern Province Assembly voted a US\$340 million budget for 2007, after a lively debate about independence between Neaoutyine and France Debien of the RPCR. Debien asked whether the nickel mining alone could provide for local needs when France was still providing massive financial assistance. Neaoutyine replied that France was obligated to support the country in the Noumea Accord, but also said, "There is obviously a country, and a people, that was colonized. It's a duty to remember that imposes itself, and thus a need to prepare the means to decolonize and build a citizenship" (NC, 20 Dec 2006). The RPCR argued for months that the SLN should take over the Koniambo project to keep the plant in "national" hands. Frogier claimed the North had wasted French funds for economic rebalancing and done nothing for its people but force them to migrate to the South for work (NC, 21 Aug, 5 Sept, 14 Oct 2006). In December, New Caledonia increased its shares in the SLN to 34 percent by exchanging some of its shares of Eramet, the parent holding company (NC, 1 Dec 2006).

The Goro project in the South is

another story, because of the low royalties promised and objections to environmental pollution and the use of foreign construction workers. In fact, protests have shut down the project more than once since 2002. In early 2006, 1,600 workers, 90 percent of whom were local, were employed by Goro Nickel, though it said that lack of specialized local training in certain fields necessitated hiring hundreds of Filipinos. INCO promised to be very careful about pollution issues, and the Southern Province said it would be vigilant (NC, 3 March 2006). In April, however, Raphael Mapou's Rhéébù Nùù (Eye of the Country) again besieged the work site. It protested against pollution, demanded that royalties be paid directly to local chiefs, put up blockades, and used INCO machines to dig deep ditches. Four trucks of French gendarmes arrived, made arrests in a hail of stones, clubs, and Molotov cocktails, and soon liberated the site, but the next day Rhéébù Nùù was back with banners along the access roads and demands for discussions. Local residents who relied on Goro for jobs staged counterprotests and marched into Noumea. In the trial of a Rhéébù Nùù protester who burned a company vehicle, the prosecutor argued, "The Northern plant will pollute just as much and so far no one has protested. The real question is to know what degree of pollution the residents are ready to accept. Will the mud of Koniambo be less red because the factory will be Kanak?" The defense attorney replied, "We know that the construction permit was granted by the Southern Province against the advice of its own Environmental Office. . . . The real instigators

of this violence are the leaders of INCO and the Southern Province" (NC, 3–6 April 2006).

During sporadic negotiations, Goro Nickel told many of its employees to stop working for security reasons, while it still paid them, and it assessed the damage to the site at US\$10 million. Wamytan of the Customary Senate and also Caugern (Comité autochtone pour la gestion des ressources naturelles) represented Rhéébù Nùù in the talks, but Mapou did not show up (NC, 7–8 April 2006; RNZI, 7 April 2006). While Frogier called on Sarkozy for military and police reinforcements, the FLNKS tried to negotiate between Rhéébù Nùù and pro-Goro chiefs. The SLN proposed it should develop a new processing plant at Prony, next to Goro, and 600 pro-Goro protesters marched again into Noumea (NC, 12–13 April 2006). The police broke up Rhéébù Nùù picket sites and set up barricades to protect access to Goro, allowing work on the Prony electrical plant to resume, but Rhéébù Nùù, supported by Caugern, local environmentalists and the pro-independence Union Syndicaliste des Travailleurs Kanak et Employés (USTKE) organized an anti-Goro march of 1,200 in Noumea (NC, 19–21 April, 24 April 2006). Gomes of the Southern Province announced that a third environmental impact study would begin, this time focusing on potential effluents of chrome and manganese, which Rhéébù Nùù argued would exceed EU standards (NC, 25 April, 28 April 2006). The study would take time, but Mapou went to court on charges of armed conspiracy and traffic blockage, while he sued and was countersued by Gomes and the

head of Goro Nickel. Supporters of Rhéébù Nùù still blocked the transport of workers to Goro by ferry and sabotaged the Goro water supply (*NC*, 10–12 May, 23 May 2006).

The AE government warned against the damage Rhéébù Nùù was doing to the image of New Caledonia in the eyes of outside investors as well as to local development (*NC*, 25 May 2006), while the FLNKS denounced the “opportunistic” tactics of Rhéébù Nùù and backed “the industrial projects in progress” (*KOL*, 2 June 2006). But in June, 2,500 protesters marched against Goro Nickel in Noumea with French antiglobalization activist José Bové participating (*NC*, 6 June 2006). Soon after, a local administrative court voided Goro Nickel’s permit to develop the site because estimated pollution by manganese effluents would be one hundred times the acceptable EU norm. The court thus legitimized Rhéébù Nùù concerns, though it required more government investigation, not a construction shutdown (*NC*, 15 June 2006; *PIR*, 15 June 2006). While judicial proceedings against Rhéébù Nùù continued, its supporters renewed protests against the “illegality” of Goro Nickel, which offered a pact to the citizens of the South, promising to recruit more local workers and businesses, pay for training, strengthen its pollution controls, and participate in a broadly based oversight committee (*NC*, 5 July, 14 July 2006). Still unsatisfied, Rhéébù Nùù and Cagern called for a month of mobilization to promote discussions, but they refrained from calling for a shutdown (*NC*, 26 Aug 2006). Meanwhile, INCO was taken over by CVRD of Brazil, which claimed to “have a

good relationship with indigenous communities” because it was from the Southern Hemisphere, even though in October, 200 armed Brazilian Indians seized a company mining town and took 600 hostages to demand development aid (*NC*, 15 Aug, 16 Nov 2006; *IHT* 13 Dec 2006). In October, the new environmental study warned of pollution by effluent processing acids, cobalt, chrome, and manganese, so a Paris court ordered Goro to halt construction of its waste storage site (*NC*, 22–23 Nov 2006; *PIR*, 21 Nov 2006).

Other disruptions came from labor unions whose concerns also became political and affected the mining industry. *USTKE*, the largest and most pro-independence union in the country (a former member of the FLNKS, in fact), conducted high-impact strikes in the cause of protecting local hiring and businesses from outside competition. Besides shutting down most schools on the east coast of Grande Terre for a month in March and repeatedly disrupting Noumea’s city buses to protect its members (*NC*, 11 March, 3 April, 12 July 2006), *USTKE* blockaded the RFO (Réseau Français d’Outremer) television station over Rock Haocas, whose case had already caused *USTKE* to shut down RFO for most of three months in 2004. In that year, Haocas returned from technical training in France but was hired by RFO for a lower-paying job because it had no post that fit his qualifications, thus making him the focus of a local hiring dispute. Courts in 2005 had twice convicted Haocas of violent behavior toward a coworker during that strike, so RFO wanted to fire him this year, but *USTKE* objected to the court conviction and the firing,

demanding that Haocas be transferred to another job (NC, 14 Feb, 22 March 2006). Of 150 employees at RFO, only 12 participated in the USTKE blockade, so it used a tactic of intermittent work stoppages, sometimes allowing the other employees to work and other times preventing them from having access to RFO, even interrupting work part way through the day, so the employer could not feasibly put workers on paid leave. RFO refused to renegotiate with USTKE, so non-striking workers became exasperated, as did the rest of the population, with the unpredictable TV broadcasts (NC, 29 March, 15 April, 29 April 2006). The LDH-NC and FLNKS, among others, denounced the strike, which went on for six months despite court action that imposed daily fines on the union (NC, 1 June, 18–19 July, 10 Aug 2006). Finally, in November, RFO agreed to transfer Haocas to France and help him find a job in another television enterprise (NC, 10 Nov 2006).

USTKE also blocked the main seaport for five weeks in May and June, to protest what it called invasions of the New Caledonia market by large foreign companies, such as the Mediterranean Shipping Company (MSC) and Maersk, without negotiating proper agreements with local stevedore companies like Manutrans, which happens to be owned by the former president of USTKE (NC, 20 May 2006). USTKE erected a wall of layered containers around the port but eventually let other vessels unload while preventing the MSC and Maersk ships from doing so. Rival labor unions protested the stoppage and tried to force their way in, and the FLNKS again denounced USTKE for

the strike. Finally, one hundred fifty French police liberated the port in a swift but violent battle, only to have USTKE protest outside the police station, demanding the release of those arrested and threatening a general strike (NC, 24 May, 1 June, 3 June, 9–10 June 2006; PIR, 9 June 2006). USTKE and the two shipping companies reached understandings in late June and July to “recognize the particularities of New Caledonia” so that local companies do not get squeezed out of the market. Labor minister Gerald Cortot suggested that instead of having shipping lines make separate contracts with local stevedore companies, the latter should work together to share the market (NC, 24 June, 11 July 2006; PIR, 23 July 2006). USTKE closed out its year with judicial proceedings against its members and leaders, while USTKE President Gerard Jodar vowed that the union would become a political party (NC, 29 Nov, 7 Dec 2006).

Sylvain Nea has developed quite a reputation, and court record, for labor strikes that interfere with daily activities in New Caledonia, especially since he was expelled from USOENC and struggled to establish his own *Confédération Syndicale des Travailleurs de la Nouvelle-Calédonie* (CSTNC), which has become the fifth-largest union in the country (NC, 22 July 2006). A seven-and-a-half-month blockade of the Surf Novotel Hotel in Noumea was so catastrophic for the owners that it went bankrupt in January 2006. In the accord finally reached in April, outside investors pulled out and the local owner, the Northern Province, had to convert half of the rooms into apartments.

The main thing that CSTNC gained was official recognition, while its ten fired members remained unemployed (NC, 22 March, 26 April 2006). The CSTNC also struck against the SLN for three months in late 2005, and in April 2006, the union won its case in court, when the administrative tribunal in Noumea agreed that the SLN had unfairly fired two CSTNC members for blocking access to a dangerous electrical installation at the Doniambo nickel processing plant (NC, 22 April, 19 May 2006). The CSTNC struck again in 2006 by shutting down the SLN medical center for seven weeks over the transfer of a female worker to another local facility; it also argued that Nea's former branch of USOENC, SOENC Nickel, should no longer be on the administrative council of the center, since CSTNC had a majority of members in the SLN upcountry (outside Doniambo). Police liberated the medical center in July, but other blockages persisted, so that neither medical care nor reimbursements were available to SLN workers, and when non-striking employees tried to go back to work, they were ordered away. An accord was reached in August, when the transfer was delayed for two months pending further negotiations (NC, 30 March, 29 July, 8 Aug, 10 Aug, 19 Aug 2006).

The next month, Nea declared a general strike on political issues, which he used as a pretext for blocking the SLN again, among many other sites. The CSTNC demanded the immediate beginning of construction on the Northern nickel processing plant, the expulsion of Filipino workers from Goro, new taxes on the rich and on capital exports, a 50 percent

reduction in gasoline prices, and the reduction of prices for other necessities such as rice. Despite rumors, Nea insisted that the RPCR was not behind his strike trying to undermine the AE government, though he did demand that the AE government resign and called for new elections (NC, 21 Sept, 27 Sept 2006). Ironically, his 1,500 strikers shut down many of the local gasoline stations, as well as bakeries, while Goro withdrew most of its workers from the construction site, except for the 550 Filipinos, who had no place else to go (NC, 28 Sept 2006). USTKE also condemned the hiring of Filipinos, claiming to have seen them doing many unskilled or semiskilled jobs that local workers could be hired to do, and not just specialized technical tasks (NC, 22 Sept 2006). It was also revealed that the Filipinos were paid the minimum wage for New Caledonia, US\$1000 a month, minus 30 percent for room and board, and they were of course not unionized (NC, 30 Oct 2006). The AE government argued that its reforms were already lowering the cost of living in New Caledonia, and it sued Nea for costing local businesses millions of francs with his strikes, disrupting local life with so many different demands, putting two thousand Caledonians out of work at Goro, and preaching racial hatred (NC, 29 Sept 2006). The CSTNC organized processions in Noumea by large mineral trucks and tractors and shut down the upcountry SLN mines that provided Doniambo with ore to process, which stirred up antistrike protests. As the strike dragged on, even some CSTNC members began to defect because they weren't being paid, until a few illegally diverted SLN funds

to them (NC, 6–7 Oct, 12 Oct, 24 Oct 2006).

After a month-long blockade, the police liberated Doniambo, but only two of its four ore sources upcountry were functioning. The RPCR and AE traded barbs over alleged political plotting behind the strike, while the CSTNC adopted USTKE's tactic of on-again, off-again picketing and blockages (NC, 14 Dec, 17 Oct, 20 Oct 2006). The CSTNC even shut down the local newspaper temporarily for what it considered unfair reporting (PIR, 7 Nov 2006), while repeated negotiations stalled. Nea went to court for his appeal of a conviction from the previous year of blockades that had condemned him to three months in prison. The judge upheld the conviction and sentence, but told Nea that he could appeal to a higher court, and that there would likely be a "more or less generous" amnesty granted after the 2007 presidential elections for union-related offenses. By mid-November, Nea was softening his general strike demands, was arrested for diverting SLN funds and, with two associates, was fined US\$20,000, and soon was offering to resign from the SLN (but not his union) if the company did not fire nine of his union members. After three months of striking and often-paralyzing rush hour traffic jams, the Filipinos were still working for Goro, the AE was still in power, and nearly every organization in New Caledonia was fed up with Nea, even if it supported aspects of his concerns (NC, 23 Nov, 20 Dec 2006). The SLN, which actually had little to do with his specific strike demands, claimed that it had lost US\$110 million from work interruptions and so much credibility

that it could get only short-term contracts overseas (NC, 19 Dec 2006).

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## SOLOMON ISLANDS

For Solomon Islands, 2006 brought a lot of expectations for positive change, especially with regard to political leadership at the national level. Many Solomon Islanders hoped that the national elections, scheduled for April, would bring about a change of government. The government that had ruled since 2001 under Sir Allan Kemakeza was perceived by many as incompetent and had failed miserably on the credibility scale. There was hope, therefore, that the election would usher in a new government.

These expectations were backed by the fact that the 2006 election was the first truly free and fair election. It was the first election since the deployment of the Regional Assistance Mission



to Solomon Islands (RAMSI), which disarmed most of those involved in the years of civil unrest from late 1998 to mid-2003. Although the previous national election (in 2001) had been declared free and fair by international and domestic observers, many Solomon Islanders knew that because of the widespread presence of guns in the communities at that time, voters had not really been free to choose. There had been evidence of intimidation of voters in some places. Much of this occurred before and after the election, and thus was never seen by observers who were present mainly on the day of the election.

The 2006 election, however, brought drama that dominated most of the year. Much of it emanated from dissatisfaction over the outcome of the election of the prime minister. Further, the newly elected Solomon Islands government engaged in a protracted diplomatic row with its Australian counterpart. This was largely a result of what Honiara saw as Canberra's interference in Solomon Islands domestic affairs. There were also debates about the regional assistance mission and Australia's dominant role in it.

These events and debates highlight the vulnerability of post-conflict societies and the challenges of rebuilding societies and states that have been traumatized by conflicts. They also demonstrate the challenges for international intervention and the role of foreign governments in post-conflict reconstruction.

The year kicked off on an upbeat note as many people joined families and friends in villages around the country to celebrate Christmas and

New Year. But as most people enjoyed the holidays, those intending to stand for office were busy preparing for the elections. By the time registrations closed, a record number of 453 candidates were signed up to contest in the fifty constituencies. This was an average of 9.1 candidates per constituency, up from 6.6 in 2001. The election, held on 5 April, was declared a success by international and local observers.

By the time the votes had all been counted, half the sitting members of Parliament had lost their seats. Among them were Joses Tuhanuku, the leader of the Labour Party, and Alfred Sasako, the outspoken member for East Kwaio on Malaita. Some of the prominent figures in the previous Kemakeza-led government, however, retained their seats. These included Sir Allan Kemakeza himself; Snyder Rini, his deputy in the previous government; Laurie Chan; and Peter Boyes. The other Big-men of Solomon Islands politics who were also reelected were Job Dudley Tausinga (who ran unopposed in his North New Georgia constituency), Francis Billy Hilly, Bartholomew Ulufa'alu, Manasseh Sogavare, and Patterson Oti.

In the days following the national election, members of Parliament gathered in Honiara to prepare for the "second election"—the election of the prime minister, which would also determine who formed the government. This period, as usual, was characterized by intense lobbying, both among the members of Parliament and from lobbyists outside. This is also a period during which, in the past, there were allegations that powerful individuals with big money would often bribe members of Parliament to

ensure that any government that was formed would favor them. Members of Parliament usually form coalitions or “camps” and try to lure enough other members to make up sufficient numbers to form a government.

The election of the prime minister was held on 18 April, with three candidates up for the post: Tausinga, Rini, and Sogavare. Rini eventually emerged as winner, bringing back into power the old Kemakeza-led government. This was a coalition between the People’s Alliance Party, Lafari, and the Association of Independent Members. Also with the group were Sogavare and four of his followers who had defected from the other side only days before.

The hundreds of people who gathered outside Parliament that day found the result unacceptable. They jeered at the newly elected prime minister, demanding that he step down and allow Tausinga to take over the reigns of power. Some demanded that the members of Parliament go back into the chamber and vote again. The crowd soon became rowdy and their actions quickly deteriorated into violent confrontations with the police.

When the police deployed tear gas, the protestors moved into the main streets of Honiara, destroying and looting Asian (mostly Chinese) businesses. By the end of that day, most of the shops in Chinatown had been looted and burned. The destruction went on into the next day, prompting hundreds of Chinese families to flee. Australia sent in troops from Townsville, Queensland, to help local and RAMSI police stop the violence. It was the worst public destruction ever seen in Honiara.

The Chinese—or *waku*, as they are known locally—were targeted because of a widespread perception that it had been Asian businesses who bankrolled Rini’s group and influenced the result of the election. Francis Billy Hilly, for example, alleged that large sums of money changed hands to win over the support of certain members of Parliament. He claimed that as much as S\$30,000 to S\$50,000 had been offered to individual members to vote for Rini (*Solomon Star*, 18 April 2006). This assertion, like similar allegations in the past, has never been substantiated.

In the days that followed, protestors continued to demand Rini’s resignation. The newly elected prime minister, however, refused to give in, arguing that he had been elected through a constitutional process and could only be ousted through that process. But despite his persistence, on 26 April—only eight days after being elected into office—Rini was forced to resign on the floor of Parliament. This became necessary after Sogavare and his followers crossed the floor and joined the Opposition. In announcing his resignation, Rini said that he did so “because I did not have the numbers this morning in parliament, I had no option but to resign to give way for the election of a new Prime Minister. I did not resign as a result of calls by the protestors. I did not yield to the calls of the protestors because I did not want to set a bad precedent for future Prime Ministers of this country” (Government Information Service, 26 April 2006).

Rini’s resignation made way for another election. Manasseh Sogavare and Fred Fono, the member for

Central Kwara'ae, contested, and Sogavare was elected as prime minister. He subsequently chose Job Dudley Tausinga to be deputy and moved to form a Grand Coalition Government with a number of political parties and some independents.

In announcing his cabinet, Sogavare included Charles Dausabea and Nelson Ne'e, two Honiara members of Parliament who had allegedly incited and organized the riots. At the time of their appointment, both had been charged and were in jail awaiting trial. Dausabea was appointed minister of Police and National Security, while Ne'e was minister for Culture and Tourism. Their appointments attracted widespread criticism, both locally and internationally. The criticisms intensified when, in setting up a commission of enquiry into the riots, the Prime Minister's Office included in the commission's terms of reference items that were perceived as prejudicial to the court processes and were seen as aimed at exonerating the two controversial cabinet ministers. Among those who expressed concern about the terms of reference was then Attorney General Primo Afeau.

Criticism also came from the Australian government through Foreign Affairs Minister Alexander Downer, who expressed disappointment and concern over the appointment of the two controversial members of Parliament as cabinet ministers. But Canberra was also concerned that the terms of reference for the commission of enquiry were designed to place blame on Australian Federal Police serving on RAMSI.

Sogavare, who has never been a fan of Australia, lashed out at Canberra,

accusing the Australian government of interfering in Solomon Islands domestic affairs. The *Solomon Star* (9 May 2006), for example, reported that Sogavare had accused Foreign Minister Downer "of interfering with the domestic affairs of Solomon Islands." Sogavare said that "Australia's condemnation of the ministerial appointments of two Members of Parliament is clearly an interference in local politics." He even threatened to terminate RAMSI, arguing that it was dominated by Australia.

This triggered a tense diplomatic standoff between Australia and Solomon Islands that eventually led to the declaration of Australian High Commissioner Patrick Cole as a *persona non grata*. He was accused of interfering in local politics and was expelled from Solomon Islands in September. This tension between the two countries dominated political discussions throughout 2006 and into 2007, marking the lowest period, so far, in the history of diplomatic relations between Solomon Islands and Australia.

To add salt to the wound, in December, Commissioner of Police Shane Castle (an Australian national), while on holiday in Australia, was declared an "undesirable immigrant" and banned from reentering Solomon Islands. Minister of Foreign Affairs Patterson Oti said that the decision was made "after long deliberations based on the Police Commissioner's conduct on several instances, including his role in the 2006 riots and the well-publicized raiding of the Prime Minister's Office" (Department of Prime Minister and Cabinet 2007).

Throughout 2006, the diplomatic

row with Australia overshadowed Solomon Islands foreign relations in particular, and political discussions more generally. A new Australian high commissioner was not appointed until early 2007. Peter Hooton presented his credentials to Prime Minister Sogavare in March 2007, after waiting for almost two months to be received.

The situation between Australia and Solomon Islands was exacerbated by the appointment of Julian Moti as attorney general, replacing Primo Afeau, who was sacked for opposing the terms of reference for the commission of enquiry on the riots. Moti, an Australian citizen, is a lawyer with a shady past. In 1997 he was charged for statutory rape in Vanuatu, but was later acquitted. Moti is close to Sogavare, with whom he shares a dislike of the Australian government and its policies in Solomon Islands.

Not long after he was appointed attorney general, Canberra announced that Moti was wanted in Australia for the 1997 rape case in Vanuatu. This raised questions about Canberra's motives: Why did the Australian authorities wait until now to charge him? Canberra's action was seen as politically motivated—an attempt to ensure that Moti, who publicly expresses anti-Australian views, does not become attorney general and thereby exert more influence in Solomon Islands government policies toward Australia.

In an interesting twist to the Moti saga, neighboring Papua New Guinea (PNG) was dragged into the diplomatic standoff with Australia after Moti escaped from Port Moresby while waiting for extradition to Australia. In September he was arrested

in Port Moresby by PNG and Australian authorities. He appeared in a Port Moresby court, and was taken into custody while awaiting arrangements to be extradited to Australia. In early October, however, Moti escaped to Solomon Islands on a clandestine PNG Defense Force flight. Canberra then lashed out at Port Moresby, banning PNG politicians from entering Australia. Allegations that people high in the PNG government assisted in Moti's escape led to the establishment of a commission of enquiry to look into Moti's escape and how rules had been broken to facilitate it. The commission's report pointed to wrongs committed as far up as the Prime Minister's Office. It put Prime Minister Sir Michael Somare in a difficult political situation.

By October the Moti affair had set the stage for a standoff between the Melanesian countries and Australia at the Pacific Islands Forum meeting in Nadi, Fiji. Solomon Islands demanded a review of RAMSI, with the objective of scaling down the Australian involvement. While the Forum agreed, nothing has yet been done. In the meantime, the diplomatic tension with Australia persists, although officials from the two countries have been working to mend relations. Australia has come to realize that dealing with its Melanesian neighbors will not be easy.

Politically, the Sogavare-led government is united. But there is general public discontent in Solomon Islands over its poor diplomacy, especially in relation to Australia, whom many people view as saving the Solomons from militant control. In particular, there is concern about the anti-RAMSI rhetoric

and the threats to expel RAMSI. Public dissatisfaction with the Sogavare-led government's policies has been exacerbated by the government's intention to rearm the Close Protection Unit of the Solomon Islands Police Force. Many Solomon Islanders still do not trust the police because of the involvements of some officers in criminal activities during the civil unrest.

All this negative publicity and poor diplomacy overshadowed the government's positive initiatives. The focus of its policy, for example, was on rural development—an attempt to involve the majority of people, who live in rural areas, in the development process. Although this is not an entirely new initiative—the rhetoric has been used before by successive governments—the Sogavare-led government believed it could deliver development to rural people through its “Bottom Up Approach” strategy. In his speech marking the country's twenty-eighth anniversary of independence, Prime Minister Sogavare pointed to the fact that Solomon Islanders had benefited only marginally from development in past years. He attributed this to the fact that Solomon Islanders never really participated in the development process. Consequently, he stated that his government was “determined to improve the active participation of Solomon Islanders in development by emphasising development at grassroots level” (*Solomon Star*, 10 July 2006). He said that development also depends on people allowing their resources to be used for development and the government to protect the rights of resource owners. By the end of 2006, a strategic plan had been drawn for the implementation of the “bottom-up

approach.” The verdict on whether or not it succeeds will, however, come a few years down the road.

The government's rural development focus is being supported by aid donors and international funding agencies. The World Bank, European Union, and AusAID, for example, have funded the Agriculture and Rural Development Strategy, which focuses on facilitating rural people's participation in the cash economy. This will be implemented jointly by donors and the Ministry of Planning and Aid Coordination.

In terms of economic development, the economy is growing slowly. This is due to smallholder producers as well as the reopening of some of the major industries like the oil palm plantation in the Guadalcanal Plains. The plantation was abandoned by its former owner, the Solomon Islands Plantation Ltd (a subsidiary of the Commonwealth Development Corporation) during the height of the civil unrest. It has since been bought by the Guadalcanal Plains Palm Oil Ltd, a subsidiary of Kulim Bhd, a Malaysian-registered company that also has plantations in New Britain in neighboring Papua New Guinea. It put a lot of money into the rehabilitation of the plantation, started production, and exported its first crude oil to Europe in mid-2006. It has recruited over one thousand local workers to rehabilitate and reconstruct the plantation.

By the end of 2006, negotiations for the establishment of another oil palm plantation in Auluta on Malaita Province had been finalized and work on it is expected to begin in 2007. This is a major breakthrough, given that it would be the first large-scale develop-

ment on Malaita, the province with the largest population in the country.

In the meantime, the Gold Ridge gold mine, which had been destroyed during the civil unrest, was bought by an Australian consortium, the Australia Solomons Gold, and is expected to resume production by the end of 2007. Work on rehabilitating the mine began in 2005.

So, while the diplomatic debacle between the Solomon Islands and Australian governments was going on, public servants and ordinary Solomon Islanders were hard at work trying to rebuild the economy and their own lives. It was, however, a difficult and uphill battle. Life for average Solomon Islanders has become more difficult because of the rapidly increasing cost of living (especially in urban areas) and the unavailability of or limited access to social services. Those who are employed find that their income is often insufficient, and villagers have little or no access to sources of income generation. In January the national secretary of the Solomon Islands Council of Trade Unions, Tony Kagovai, acknowledged that in 2006 many employees “would find it difficult to meet their basic needs such as food, shelter, clothing and education” (*Solomon Star*, 8 Jan 2006). As the year wore on, that became more evident and has contributed to social problems.

Law and order has improved significantly since the deployment of RAMSI because guns have been taken away from the communities. However, new challenges have emerged relating to increasing use of drugs like marijuana and home-brewed (and distilled) alcohol, known locally as *kwaso*.

Despite police raids on *kwaso* production, the problem persists, because for many people it is their only source of income. This has led to other problems, especially in the urban areas. RAMSI continues to work with local authorities to address this.

In the meantime police continued to investigate allegations of corruption among elite Solomon Islanders. Earlier there were concerns that RAMSI had not arrested the “big fish”—politicians and public servants who were allegedly emptying government coffers. Among those whom people pointed to was former Prime Minister Kemakeza. In April, then Police Commissioner Shane Castles told Radio New Zealand that Kemakeza was being investigated for allegations of fraud, following the tabling of a revealing audit report by the country’s auditor general. This is with regard to money missing from compensation payment when Kemakeza was the minister for National Unity and Reconciliation. It was alleged that more than US\$5 million went missing and that many of the compensation claims, which included one submitted by Kemakeza, were excessive and falsified. In October, Kemakeza was arrested and charged with robbery, larceny, intimidation, and demanding money with menaces. The charges relate to allegations that Kemakeza had instructed former militants to intimidate and rob a legal firm, Sol-Law, in 2002 (RNZI 2006).

Another issue that featured prominently in 2006 was the continuing debate about the relationship between Solomon Islands and the Republic of China (Taiwan) and how that has influenced domestic politics. In the



past, concerns had been expressed that Taiwanese aid had a negative impact because it was being used to finance certain politicians. In fact, in the lead-up to the April election Josea Tuhonuku alleged, "Taiwan's dirty money comes flooding forward for the politician or candidate of the prime minister's choice. . . . Now in the past few months leading up to the election, these Special Projects are being used as the chief source of campaign funding for the Prime Minister's favorites whom are expected, once elected, to back him and his Republic of China cronies" (*Solomon Star*, 15 March 2006).

Interestingly, when Sogavare came into power, he had indicated that he would reconsider the country's relationship with Taiwan. But as Taiwan poured money into politicians' slush fund, or the Rural Constituency Development Fund, the government opted to stick with it. Taiwan has, over the years, provided important source of assistance to Solomon Islands and cannot be disposed of easily by politicians. The nature of Taiwanese involvement in Solomon Islands and the impact on the country's domestic politics will continue to be an issue of debate in the future.

The political highlight of December was the provincial elections. In Malaita, the provincial premier in the previous assembly, Reuben Moli, lost his seat, while the Guadalcanal provincial election saw only four provincial members retaining their seats. Isabel and Western Provinces elected new premiers. The election results showed a desire for change of leadership even at the provincial level.

The year was rounded off with the

resignation of Deputy Prime Minister Job Dudley Tausinga. This followed disagreements between Tausinga and the prime minister over the "illegal shipment" of logs by a company that operated in Tausinga's North New Georgia constituency. In an interview with the *Solomon Star* (20 Dec 2006), Tausinga said that he "had been forced to take the action I did because certain people were forcing me to apply a political solution to a legal issue. For me, that is wrong. You cannot continue to apply political solutions to legal issues." But despite Tausinga's resignation, the government remained strong.

By the end of December 2006, the political wheels turned more slowly. But the year had been packed with drama, especially in foreign relations. In terms of development issues, it seemed as though the government was saying the right things, at least rhetorically, through its rural development focus. Whether or not these policies will succeed is yet to be seen. One thing is certain, even if the Sogavare-led government dislikes Australia, they need Canberra's assistance if they are to successfully implement their policies and drag Solomon Islands out of the problems left behind by the civil unrest.

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## VANUATU

Perceived lack of government action on various issues and indecisiveness or lack of coordination within the governing coalition led to three proposed motions of no confidence against Prime Minister Ham Lini during 2006. While Lini survived all of these challenges, the price of the government's survival was high. Large pay increases were awarded to public servants and police, while the Vanuatu Commodities Marketing Board (VCMB) declared price increases for the purchase of copra and kava.

The Lini-led coalition government was first established in December 2004. Throughout 2005 there were several changes to the coalition. By February 2006 the government consisted of eight political parties, including the National United Party (NUP) and the Vanua'aku Party (VP); People's Progressive Party (PPP); National Community Association Party (NCAP); Melanesian Progressive Party (MPP); Vanuatu Republican Party (VRP); People's Action Party (PAP); and two backbenchers from the Union of Moderate Parties (UMP) (*PVPO*, 2 Feb 2006).

The first major challenge the government faced in 2006 was a motion of no confidence in March. By early March all the Green Confederation (GC) members of Parliament and the

Melanesian Progressive Party had left the governing coalition. These two parties, along with the Union of Moderate Parties, formed an opposition bloc that supported Sela Molisa as the new prime minister (*PVPO*, 21 March 2006). Although politics in Vanuatu frequently appears to be dominated by personalities rather than policies, in this instance there were clear policy motives for the proposed motion. They included "the delay in appointing a police commissioner (for more than 18 months), [the failure to resolve] Air Vanuatu/Vanair's strike and the Vanuatu Commodities Marketing Board (VCMB) saga [relating to listing kava as a prescribed commodity]" (*PVPO*, 14 March 2006). Other issues included "unresolved issues such as unsuccessful motions of non confidences that cost a lot to the people of Vanuatu, illegal terminations from the government . . . high school fees, the issue of the two new Chinese donated ships awaiting routes, the late start to operations of Pekoa International Airport and the court case of the termination of the former chief executive officer of Air Vanuatu that is costing millions of vatu in compensation" (*PVPO*, 21 Feb 2006). Underlying all of these issues was the perception that the Lini-led government was indecisive or unable to make decisions when needed. This is at least in part due to the need to gain agreement of all members of the coalition before decisions can be made.

There were some legal maneuverings prior to parliamentary debate on the motion of no confidence, with the government proposing a counter motion to censure the members involved. This was ruled to be uncon-

stitutional (*VDP*, 18 March 2006) on the grounds that “A motion of no confidence is not serious misconduct within the standing orders of the parliament and a member cannot be suspended or disciplined for filing, signing or supporting a motion of no confidence against the prime minister of the republic” (*PVPO*, 29 March 2006). The motion of no confidence failed, largely because kava was taken off the list of prescribed commodities the day before the motion was debated in Parliament, and this was one of the main policy changes that the opposition was seeking (*VDP*, 20 March 2006).

In May, kava was relisted as a prescribed commodity, and in early June there was talk that another motion of no confidence would be lodged, although this did not ultimately eventuate (*PVPO*, 3 Aug 2006). A 20–25 percent pay increase for civil servants that was paid from early August helped to ensure that support for the Lini government was maintained. There had reportedly been no review of public servant pay scales in ten years, so an upward adjustment was warranted, but such a large increase will be difficult to cover (*IB*, Jan 2007).

The final motion of no confidence for 2006 was lodged on 8 December. In response, the government increased the Vanuatu Commodities Marketing Board’s copra purchasing price to 31,000 vatu per ton (*VDP*, 15 Dec 2006). (During 2006, one US dollar averaged 108 vatu.) This increase, which benefits rural communities and therefore strengthens the position of government members of Parliament, ensured that no members would cross the floor and support the motion

of no confidence. Additionally, the Parliament (Members’ Expenses and Allowances) (Amendment) Act 2006 was passed in the final session of Parliament. This act (which was seen as giving in to government backbenchers’ demands for an increase in allowances in order to prevent any of them from crossing the floor) increased monthly traveling allowances from 34,000 vatu to 70,000 vatu. The motion therefore lost support and was withdrawn (*VDP*, 16 Dec 2006).

Of the policy issues underpinning the various no confidence motions, three are particularly noteworthy: the lack of action over the appointment of a police commissioner; instability within Air Vanuatu; and questions as to the future role of the Vanuatu Commodities Marketing Board, particularly in relation to the export of kava.

Issues relating to the police commissioner and Air Vanuatu were detailed in the 2005 Vanuatu political review. The position of police commissioner had been filled by an acting commissioner since September 2004, when Robert Diniro Obed lost his position after being involved in an attempted arrest of then Prime Minister Serge Vohor. The lack of leadership led to dissatisfaction within the police force, and the government was subject to much criticism over being slow to act in the appointment of a new police commissioner. The situation was resolved in August with the appointment of Lieutenant Colonel Patu Lui of the Vanuatu Mobile Force. In addition to resolving issues relating to leadership, other causes of dissatisfaction within the police force, including low pay and lack of incentives, were also addressed. In April police claims

for underpayment of salaries from 1998–2004 were settled (*VDP*, 8 April 2006), and in August the remainder of the underpayment claim was resolved (*PVPO*, 14 Aug 2006). The Government Remuneration Tribunal determination of police salaries was finalized in December, and police salaries increased from 1 January 2007. There was also some restructuring of the police force, with a new Department of Correctional Services being established to look after the running of prisons (Correctional Services Act 2006), and in November, thirty new police recruits began training (*VDP*, 21 November 2006). This was the first intake of new recruits to the police force in seven years.

Strike actions in relation to Air Vanuatu escalated toward the end of 2005, when some staff were laid off. Airline management stated that their terminations were part of an ongoing restructure and that the terminations were legal. In December 2005, forty-eight Vanuatu National Workers Union (VNWU) members were arrested and charged with a variety of offenses in relation to unlawful picketing. The government later endorsed the Air Vanuatu Board's decision to terminate various staff (*VDP*, 6 Jan 2006). The union was obviously unhappy with the arrest of some of its members, and in January 2006 this group filed in court, claiming that their constitutional rights had been breached, although this claim did not succeed (*VDP*, 4 Jan 2006). Other VNWU workers then began to raise grievances, with representatives of Unelco, Vanuatu's only power company, issuing a notice of a strike action. One of the reasons for this was that one of their staff

members had been suspended for participating in 2005 in a solidarity action staged to support Air Vanuatu workers. The matter went to mediation on 27 January 2006 and was ultimately solved through arbitration without any disruption of services. Vanuatu Abattoirs Ltd (VAL) had also been the subject of disputes in 2005, and another significant "union action" (which was not officially authorized by the VNWU) was the taking hostage of the abattoir manager and some overseas workers who had been brought in to update the computer system. While no one was harmed in the incident, the workers had come armed with bush knives and steel rods. The VAL manager had previously been the subject of death threats, which added to the gravity of the incident (TVNZ, 25 Feb 2006; *VDP*, 1 March 2006). The threat of major disruptions by the union then gradually quieted down, with the Labour Department continuing to work with all parties to resolve disputes through arbitration. By September, when at least twenty VNWU workers were found guilty of various crimes in relation to the illegal strike action of December 2005, very little attention was given to the judgment (*VDP*, 18 Sept 2006).

Concerns about the financial situation of Air Vanuatu continue to be raised, although management maintains that the merger of Air Vanuatu and Vanair is responsible for creating many of the financial difficulties, and that the airline is being managed appropriately and the debts it owes are gradually being repaid (*VDP*, 31 Aug, 4 Dec 2006).

The Vanuatu Commodities Marketing Board, which regulates various

agricultural products, has not recently been discussed in this journal's Vanuatu political reviews. However, it is also no stranger to scandal, and in the 1990s it had been the subject of several ombudsman reports. The reports examined alleged misappropriation and mismanagement by VCMB members and agents, and political interference in the appointment of the board. In 2005, following its de-prescription in 1997, kava was relisted as a prescribed commodity. In January, the marketing board declared that no one could export kava without a license and that no licenses would be issued to private individuals—essentially giving the board a monopoly over kava. The obligation for inspecting kava exports also appeared to shift from the Vanuatu Quarantine Inspection Service to the marketing board, raising concerns about quality controls on the export of kava. This soon raised questions in relation to Vanuatu's obligation under the Melanesian Spearhead Group agreement and the Pacific Island Countries Trade Agreement, as intensified trade or export restrictions are prohibited under both agreements (*VDP*, 24 Jan 2006). Private sector operators were also obviously troubled. Despite figures demonstrating a boom in kava exports after kava was taken off the list of prescribed commodities in 1997 (*VDP*, 25 Feb 2006), the government maintained that the policy would be in the best interest of kava growers as, by forming cooperatives, they could "fix the price of these valuable commodities with the buyer" (*PVPO*, 28 Feb 2006). However, the media reported that some farmers claimed they received better prices for their kava

from exporters than from the Vanuatu Commodities Marketing Board (*PVPO*, 28 Feb 2006). This issue looked set to topple the Lini government in March, so kava was again removed from the prescribed commodities list, but as soon as the immediate crisis was over, kava was again listed (Order 14 of 2006; gazetted 8 May 2006), and the VCMB purchase price for dried kava set at 1,000 vatu per kilogram (*VDP*, 25 May 2006). Exporters were given until 20 May to export any stock, and were told that they might forfeit any stock they attempted to export after that date (*VDP*, 30 May 2006).

The kava dispute began to affect New Caledonia as well, after the marketing board signed an agreement with Maison du Vanuatu to be the sole importer and distributor of Vanuatu kava in New Caledonia. By July 2006 there were reports that kava dealers in Vanuatu were picketing the Vanuatu Consular Office in Nouméa over the agreement with Maison du Vanuatu and shortages in the supply of kava (*VDP*, 6 July 2006). Although the government committed itself to reviewing the position in respect of Maison du Vanuatu (*VDP*, 13 July 2006), by the end of the year Maison du Vanuatu remained the sole importer of Vanuatu kava into Nouméa (*VDP*, 28 Nov 2006). Issues relating to the export of kava, and more generally what the VCMB role should be in relation to prescribed commodities, are far from resolved, and can expect to continue into 2007.

There were a number of other recurring issues in 2006. As in 2005, difficulties in local government structures were apparent. In 2005 the main focus was on the Port Vila Municipal

Council, and allegations of corruption and mismanagement within it. In 2006 it was the Luganville Municipal Council that was in the spotlight. Again there were allegations of mismanagement and abuse of public funds, and problems due to outstanding debts. In January, Minister of Internal Affairs George Wells gave the council two months to sort out its financial situation, warning that if issues were not resolved, the council would be suspended (*VDP*, 14 Jan 2006). The council was finally suspended in late November, with the minister stating that he deliberately let matters “hit rock bottom before deciding yet again to suspend it to prove to the courts that his decision is not biased” (*VDP*, 11 Dec 2006). Wells had attempted to suspend the Luganville Municipal Council in 2005, but the courts had not allowed this suspension to stand.

The Sanma Provincial Council also continued to find itself in trouble. In August the principal electoral officer sent a paper to the Council of Ministers recommending the dissolution of this council, as half of its members had been absent from more than three consecutive meetings (*VDP*, 2 Sept 2006). These absences were not the only matters that prompted the ultimate dissolution of the Sanma Provincial Council; there were also allegations of mismanagement and corruption. Interference by the Sanma Provincial Council and the Penama Provincial Council in the running of the Northern Island Stevedoring Company Ltd was a particular issue, with an audit of the company showing that more than 46 million vatu had been misused (*VDP*, 10 June, 12 July 2006).

Another theme in public debate

in 2006 was land. Land in Vanuatu is owned by the custom owners, but can be leased, thus enabling others to “own” land for the duration of the lease and to potentially trade that lease. Increasingly, land on Efate, particularly coastal land, has been leased, and the boom in real estate development has generated many concerns, including that unscrupulous land dealers might not give custom owners a fair price for the lease; that lease terms might require the leaseholder to be compensated for improvements when the lease expires, but custom owners might not have the money to pay the compensation; and that people are losing customary access to the shore and reefs. In early 2006, it was reported that the prime minister “received a petition from chiefs demanding the government ban all sale(s) of indigenous land” (*VDP*, 4 Jan 2006). In September, Vanuatu held a National Land Summit. It was reported that there were over 1,000 recommendations from this summit, but 20 resolutions were finalized (*VDP*, 30 Sept 2006). These resolutions covered a range of matters, including the need to review laws relating to determining the true custom owner of the land; to review land lease conditions; to have leases in Bislama and to take more steps to ensure the true consent of the custom owners; to regulate real estate agents through mechanisms such as a code of fair practice; to revise land rents; to incorporate social impact assessments into any proposed new leases; to ensure public access to beaches, rivers, and lakes is guaranteed; and to create a national subdivision policy.

The National Land Summit has not quelled all land disputes in Port



Vila. In October a group from Tongoa calling itself the Vete Association went around spray painting on various buildings that they were claimed by the association. While the targeted buildings have mainly been unoccupied government buildings, some private homes were also marked (*VDP*, 30 Oct 2006; *PVPO*, 6 Dec 2006). The dissatisfaction of people from Tongoa is at least in part prompted by the handling of a sublease of land by the Port Vila marketplace that was made by Ifira Land Trustees to a private company. Chiefs of Tongoa who thought they had at least some claim to the land placed namele leaves (cycad palm leaves) signifying a custom ban on the site in March, only to have these leaves thrown into the sea by an officer of Ifira Land Trustees. This action, which indicated considerable disrespect for custom, created an angry response, with people from Tongoa cutting the fence around the site and attempting to disturb work there (*VDP*, 27 May, 30 May 2006). By the end of 2006 little development had taken place on this site and it is unclear whether any resolution as to its future has been reached.

Santo has also been the location of disputes related to land. In late July there were security concerns in Luganville as violence, largely directed at a family from Paama, broke out. Initial reports suggested that disputes related to the Northern Island Stevedoring Company Ltd, but it soon became apparent that the underlying issue was the existence of a memorandum of understanding to establish a free trade zone in Santo (*VDP*, 4 Aug 2006). This memorandum was between Maxime Carlot Korman as the Vanuatu

government's representative and a US-based investment group (*VDP*, 28 Aug 2006). It was also signed "on behalf of the landowners" by a man from Ambrym and a man from Paama (*VDP*, 9 Aug 2006). This created anger among the actual landowners in Santo, both because the true custom owners were not consulted, and because the free trade zone proposal involves the creation of freehold land (*VDP*, 28 Aug 2006). The Council of Ministers has approved, in principle, a study into the costs and benefits of a free trade zone in the Big Bay area of Santo (*VDP*, 17 Aug 2006). Given the way the memorandum of understanding is worded, the free trade zone "may have internally applicable laws, local government, freedom of official currency selection, immigration, passports etc."—so it would essentially become an autonomous state (*VDP*, 28 Aug 2006). It is not the first time that such an idea has been raised, with the Santo Rebellion in 1980 having similar roots. More recently, a similar memorandum was signed in 1999 between government officials and the Mondragon Group. It is interesting to note that Michael Oliver, who was instrumental in the Santo rebellion, was also found to be behind the Mondragon Group's proposals (Ombudsman's Office 2001). It is not clear at this point exactly who is driving the latest free trade zone proposal.

A land issue that could be very costly for the government was the dispute over the development of Kakula Island Resort. The development was approved in 2001, and in 2004, following a request by the Environment Unit, an environmental impact assessment statement was submitted. The

director of the Environment Unit then stopped the development for reasons that are unclear, and made a number of defamatory statements to a meeting of Efate chiefs. Kakula Island Resorts Ltd then sued both the government and the director of the Environment Unit personally for damages, for trespass, negligence, injurious falsehood, defamation and breach of confidence, and general damages and exemplary damages. The Supreme Court ruled in favor of Kakula Island Resorts Ltd and ordered the government to pay 745,316,344 vatu in damages. The director of the Environment Unit was ordered to pay 7,000,000 vatu personally, due to his actions (*Kakula Island Resorts Ltd v Government of the Republic of Vanuatu* [2006] VUSC 33). While this decision could potentially add further strain to government finances, it is reportedly being appealed (ADB 2006, 10).

Tourist ships gave rise to a number of incidents in 2006. The first relates to dissatisfaction on the part of bus and taxi drivers over a local company, Adventures in Paradise, being the sole tour operator. In February ongoing resentments resulted in a number of assaults on Adventures in Paradise staff, and P&O Cruises threatened to cancel all cruise ships, although this was soon reversed after police guaranteed that they would have a presence at the wharf in order to keep the peace (VDP, 16 Feb, 18 Feb 2006). Similar incidents occurred in May, when passengers on a National Geographic vessel could not leave the wharf on their prepaid organized tours due to tour buses being blocked by angry bus and taxi drivers who felt they had wasted their time waiting for potential passen-

gers. Vanuatu has now been removed as a destination for the National Geographic tours (VDP, 29 May 2006). The potential damage to tourism and retail businesses in Port Vila if incidents like these recur is something of a concern, as the cruise ships provide a valuable source of customers.

P&O found itself in trouble toward the end of 2006, when it was found that they had dumped oil from one of their cruise ships into the Etas landfill, located on the outskirts of Port Vila (VDP, 17 Oct 2006). There are no facilities in Vanuatu to properly process waste oil, and the dumping has resulted in the need for an oil-spill cleanup operation. At the time of writing it appears that the cleanup has been effective but it is not clear who authorized this oil dumping to take place.

Another incident of violence marred the end of the year, with members of the Vanuatu Fisherman's Association—who were allegedly unhappy with slow payment of outstanding money from Taiwanese ventures they had worked with—"kidnapping" a partner from the accounting firm that was handling the funds (VDP, 12 Dec 2006). Several days later, the newly appointed president of the fishermen's association was shot in the leg when members had gathered outside the Port Vila Courthouse for a court hearing (VDP, 18 Dec 2006).

The apparently increasing trend toward expressing frustrations through violence is worrying, but two developments in 2006 may help to alleviate tensions. First, the initial payment from the Millennium Challenge Account (MCA) was received by Vanuatu. MCA projects will commence

in 2007, leading to more jobs and improved infrastructure. Second, while the Australian government has not been willing to consider allowing temporary workers from Vanuatu or other Pacific Islands entrance to Australia, the New Zealand government established a seasonal workers scheme for Vanuatu citizens in late 2006 (VDP, 20 April 2006). People under this scheme are engaged in fruit picking, an area in which New Zealand suffers labor shortages. Initial reports indicate that the scheme is working successfully, and it is hoped that the work opportunities and remittances generated by this scheme will help reduce frustrations.

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